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Chapter 9
Employee Perception of the Effectiveness of Digitalized Performance Management Systems

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ABSTRACT

Performance management is a valuable tool for any organization to achieve its strategic objectives and align its resources. It is identified to lead a productive workforce and improves employee engagement. However, due to the disruption of technology in the various dimensions of the environment, HRM systems have undergone many changes. Organizations have adapted to the technological outburst and synchronized their activity around it. Present times observe a heavy use of technology in the day-to-day HR functions. Performance management has also been hugely impacted by the manifestation of technology, where many organizations have adopted the use of technology for the same. The stance of the management on the use of technology for performance management is often deliberated upon; hence, the outlook of employees on the use of technology for performance management has been unclear. For this chapter, the authors consider the employees in the education sector and their perception of the effectiveness of the use of technology/software for performance management based on different parameters.

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INTRODUCTION

Performance management (PM) is a tool used by Human Resource Management that enables them to manage and evaluate the performance of the employees and thus assist in the formulation of the strategies accordingly. On the other hand, Performance Management System (PMS) also aids the employees by communicating what is expected from them and eventually conveying how they are performing. Performance Management System also facilitates a decisive role to abet managerial decisions such as promotions, transfers, increments, rewards, training, and development & employee engagement. With so much to offer the role of PMS in any organization cannot be undermined therefore diligence is required in devising the most appropriate PMS for the organization, so that the information collected is not futile. Like many other service sector industries, the education sector is also highly performance-driven therefore the PMS associated with these organizations should be able to contribute the same. The education sector demands high performance not only in the way education is imparted but also in the research work propounded by the employee. The Performance Indicators (PI) for this sector also have to be pertinent as the performance cannot be evaluated merely by the business that is brought in. The education sector demands its employees to be high performers to promote their own standing/ranking in the industry. How good an institution is, is often determined by how well the academicians associated with the institution are acclaimed by the other academicians. Employees are expected to accomplish intellectual skills as well as institutional prestige and standing, both of which are critical to academic success and promotion (Benschop & Brouns, 2003). Research and literary work are imperative to ascertain the performance of the employees in this industry, for that these serve as a vital Performance Indicator for the employees associated with the education sector. An inappropriate Performance Management System can be a bane rather than a boon for the organization and can steer many problems pertaining to the employees of the organization (Biron et al., 2011).

It concurs that the use of technology helps to simplify and accelerate the associated process hence many industries have been witnessing the amalgam of different functions with technology. Likewise, the Human Resource functions have also observed the adaptation of technology in its many functions one of these being Performance Management (PM). Since Performance management is a highly crucial function that has its implication on various decisions subjected to the human resource of the organization it is only natural for it to be transformed in the age of technology. Although it is relatively clear as to what the organization wants but little is discussed about what the employees anticipate from the PMS. Hence, through this chapter, the authors aim to encapsulate the different elements that the employees seek in the PMS and also their perception towards the digitalization of the PMS.

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BACKGROUND

Many a little makes a mickle is precisely what Performance management is about, where the performance of every individual in the organization is managed so that it contributes to the performance of the organization. In simple terms, Performance Management is the system the management deploys to analyze the performance of the employees based on the pre-determined standards or goals and comparing it to the actual performance. Performance Management according to (Armstrong 2000) is a systematic process for improving the performance of the organization through the improvement of the performance of individual and the team, by acting as a means to get a better result by considering & administering the organizations performance within the established structure of predefined goals and the proficiency required. Performance Management and Performance Management System are commonly used but when explored a considerable difference is established (Broadbent & Laughlin, 2009). Performance appraisals are the start of the Performance management activities, these also involve evaluation, goal-setting, training, and reward systems (Denisi & Murphy, 2017).

Feedback shared in a Performance Management System are grounded on the specific items not general and are built on the predefined standards (Amaratunga & Baldry, 2002)

It is observed a lot that feedback often reduces the performance rather than improving them, when the feedbacks are shared in the absence of predefined goals will have no significance outcome as the feedback shared will just pose as a shared information and its outcome will merely depend on how the receiver perceive the information (Latham et al., 2005).

Performance Measures and reporting lead to Performance Management that promotes motivation, better behaviour, and innovation (Plaček et al., 2020). Performance Indicators are essential for the organization since they reveal what is to be measured and the criteria the actual performance needs to satisfy (Flapper & Fortuin, 1996). Very few employees perceive that their organization's Performance Management system helps them improve their performance, and it is consistently one of the least popular topics in employee satisfaction surveys (Pulakos, 2009; (Gruman & Saks, 2011)

Formulating a Performance Management System and employing it is a very challenging process which may include obstacles such as the absence of support from the top management, flawed communication, unclear goals, and objectives, opinion that it utilizes more time, absence of uniformity among the other challenges (Managing employee performance, 2019; Agarwal, 2020). Higher academics feel (via a direct effect on their vitality level and an indirect effect on their stress levels through enhanced work experiences), the more they perceive the use of enabling

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performance management practices like better dialogue, connectivity, facilities, competence acknowledgment, and development of opportunities (Franco-Santos & Doherty, 2017).

Human Resource Management System is dedicated to automation and digitalization of the Human Resource functions hence they mainly serve the HR staff rather than the managers and the employees (Martin & Reddington, 2010).

(Kivistö et al., 2017) found that though the academicians value performance measurement their outlook does not correlate with the perception of high performance in research as well as teaching, additionally, they concluded that for academics high performance is perceived by the response of other academicians in place of financial incentives. (Kagaari et al., 2010) conclude in their study that the amalgamation of Information and Communication Technology (ICT) in Performance Management practices has a mediating effect on the managed performance.

(DiMaggio et al., 2001) deliberate on the fact that the growing use of technology in the organization may push the organizations towards the traditional methods of implementing control such as surveillance.

PERFORMANCE MANAGEMENT AND TECHNOLOGY

Over the years Performance Management has undergone many changes where several new methods and techniques have come into existence such as 360 Degree Feedback, Peer review, Management by Objectives, Balance Scorecard method, Personal Development Plans, TQM Technique, etc. Above all with the addition of technology, the whole process of Performance Management has been disrupted. Many generic and customizable software are available in the market catering to the specific need of the clients. Some of the well-known Performance Management software are HROne, Keka, HRMantra, etc. Many softwares are available which are solely used for performance management whereas many software packages are also available that assist in the different functional areas. The primary reason for using technology in any functional area is the fact that it simplifies the process by making the process easier and much faster. All this softwares are believed to be expediting the process. While Performance Management is a continuous process hence it requires continuous monitoring and analyzing. Therefore, the use of technology is going to save a lot of trouble. Traditionally Performance management also required a lot of paperwork which is curbed by the application of these softwares. It further helps in better record keeping and quicker access. The employees desire to access all the information with respect to their job and their performance hence the PMS should be able to deliver the same. A system where the necessary information cannot be

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accessed and there are barriers to conceal information will not be worthless as it will not be able to satisfy the needs of the employees.

However, many studies also indicate that the notation that Digitalization or the use of technology will only bring positive changes is also fallacious. Many studies have found that the PMS is not delivering what is expected out of it (Haines & St-Onge, 2012).

Only a few academics have proposed that, leaders and performance management systems digitalization, should demonstrate a higher output orientation and a bigger interest for personnel development to help employees meet the expected criterias (Curzi et al., 2019). (Lewis et al., 2005) The use of Information Communication Technology in the organization not only empowers its employees but at the same time enables the organization to exert centralized control thus the perfectionistic image created might be deceptive. Hence it can be inferred that the use of technology is pushing the organizations towards the traditional form of the management system.

WHAT THE MANAGEMENT SEEK FROM A PMS VS. WHAT AN EMPLOYEE SEEK

Performance Management Systems are devised to serve the need of not only the managers but also the employees. At the outset, it may appear that the Managers and the employees look for different outcomes from the PMS but they eventually lead to the same result. While both the managers and the employees anticipate the PMS to give a nudge to the actual performance however the intent for such expectation is quite different. The management seeks to accomplish the goals of the organization whereas the first instinct of the employee is the attainment or successful completion of the allotted task. Through the PMS the management intends to convey the goals established to the employees whereas the employees look forward to participating in the goal formulation process. When the employees have a say in goal setting it provides them with a sense of belongingness, increases the satisfaction level in employees, and promotes communication. PMS should also allow the managers to identify the low performers in the organization on the other hand the employees expect to identify where they are going wrong in delivering their performance. By identifying the low performance in the organization the management will have the required information to formulate the strategies required to implement improvement. Likewise, the employees will be aware of their shortcomings hence can work on improving them. Additionally, the PMS should also provide the necessary information to the management to take decisions such as increments, promotions, and evaluation of performance. For the employees, it should provide transparency, fair feedback and then should aid in the personal development of the employees.

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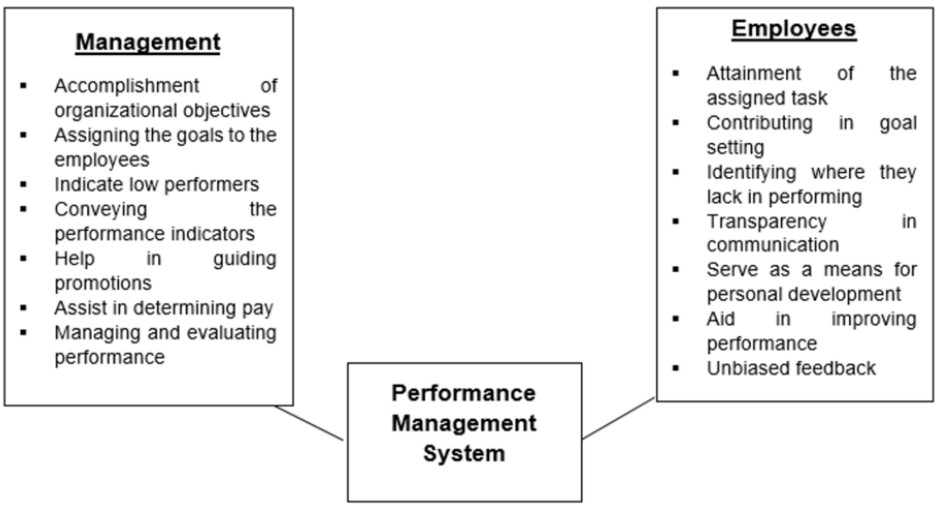
Hence ideally a Performance Management System should take into consideration the requirements of both the management and the employees for it to be effective. Employee recognition is an exigence to strengthen the performance and adjust the behavior (Haines & St-Onge, 2012).

Performance Management has been considered as an instrument to support decisions such as career development, transfers & promotion, termination and retention, remuneration, however it also assists the employees to link their goals and objectives to those of the organization (Agarwal, 2020).

Figure 1.



EMPLOYEES ON DIGITALIZED PERFORMANCE MANAGEMENT

The authors analyzed the effectiveness of digitalization of PMS as per the employees of the education sector based on seven criteria i.e. goal setting, transparency in communication, Honest feedback/reviews, Fairness, employee development, employee recognition, and elevate performance. The survey was conducted using five points Likert scale ranging from Strongly disagree to Strongly agree. The response was collected from 325 respondents consisting of the academic staff from the education sector, out of which 186 were male and 139 were female.

The finding of the study concluded that 14.15% of the population strongly agrees and 56.92% of the population agrees, 17.54% neither agreed nor disagreed whereas 6.77% disagreed and 4.62% strongly disagreed, that digitalization of the performance management system enables them to be a part of goal setting and determining the

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performance indicators. When considering Transparency in communication in digitalized PMS, 13.23% strongly agreed, 40.31% agreed, 28.31% neither agreed nor disagreed, 11.08% disagreed and 7.08% strongly disagreed; For honest feedback/ review in digitalized PMS the response included 16.62% strongly agreed, 31.38% agreed, 21.23% neither agreed nor disagreed, 28% disagreed and 2.77% strongly disagreed; For fairness in digitalized PMS, the responses were 20.92% strongly agreed, 41.85% agreed, 16.31% neither agreed nor disagreed, 12.92% disagreed and 8% strongly disagreed; Employee development in digitalized PMS obtained 14.15% strongly agreed, 37.85% agreed, 22.46% neither agreed nor disagreed, 19.69% disagreed and 5.85% strongly disagreed; Employee recognition induced 12.62% strongly agreed, 36% agreed, 25.23% neither agreed nor disagreed, 17.85% disagreed and 8.31% strongly disagreed; and elevate performance induced 9.85% strongly agreed, 29.23% agreed, 24.31% neither agreed nor disagreed, 21.85% disagreed and 14.77% strongly disagreed. From the results drawn it could be inferred that the majority of the population believes that they are involved in goal setting for the digitalized PMS and believe the process to be fair and transparent, the review received are satisfactory. Although the employee development, employee recognition, and elevation of performance were found to have a positive relationship with the perceived effectiveness of the digitalized performance management system but not as intense.

As for satisfaction derived from the digitalized PMS, the result indicates 36% strongly agreed, 33.23% agreed, 15.08% neither agreed nor disagreed, 11.69% disagreed and 4% strongly disagreed; signifying that at large the employees possess a positive attitude towards the digitalization of PMS and prefer it to the former system. The data analysis also pointed out that the employees who have higher experience were found to be more perceptive about the digitalization of PMS.

FUTURE RESEARCH DIRECTIONS

Since Performance Management is undeniably one of the most prominent functions of Human Resource Management which entails many other sub-functions it will be beneficial to study the effect of the Performance Management software and digital techniques on other functions of Performance Management such as Performance appraisal, employee engagement activities, etc. Moreover, there are numerous other elements of Performance Management whose implications can be studied in the future.

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CONCLUSION

Performance Management Systems are required to serve not only the management but also the employees. However, despite undergoing many changes over the period of time it still possesses many shortfalls. Although with the amalgamation of technology it has been renewed and presented in a digitalized mode serving to many of the concerns raised time and again however many times it is observed to be serving the advantage of the Managers more than the employees by simplifying and speeding the whole process. Digitalization of PMS has aided in improved communication between the management and the employees, completion of the proceedings on times, better decision making, etc. yet more concentration is required to improve so that it can also enable the employees to be able to develop and feel that they are recognized for their performance, at the same time it should be able to assist in improving performance and concur better results. Performance Management System is very subjective in nature, the conjecture one fits all cannot be applied for it, however, customization of this software requires a lot of funds which might be an obstacle. The education sector also encompasses individuals from all walks of life hence the opinion fostered will not be unanimous. Performance Indicators used in the education sector should be appropriate for the said sector and should be the correct parameter for measuring the performance.

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KEY TERMS AND DEFINITIONS

Digitalization: The process of computerization of the process, which includes use of technology, internet, etc. It leads to reduced paperwork.

Elevated Performance: The stage where the performance exceeds the previous or the expected performance. The performance delivered is of higher quality.

Performance Indicators or Key Performance Indicators (PI/KPI): The criteria based on which the performance of the individual is measured.

Performance Management (PM): A tool to regulate the performance of the employees to achieve the overall objectives of the organization with respect to predefined goals and objectives and thus evaluate the performance of the individuals and provide feedback.

Performance Management System (PMS): The tools and techniques employed by the organization to appraise the performance of the employees. It is liable to communicate and allocate accountability and supervise the performance of the employees.

Transparency: Transparency refers to the degree of openness allowed to access the information to the employees.